

Introduced by Senator Price

February 17, 2011

An act to amend Sections 790.034, 10089.2, 10103.5, and 11580.15 of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

SB 596, as introduced, Price. Insurance: disclosures.

Existing law requires an insurer, upon receiving notice of a claim, to immediately, but not more than 15 calendar days after receipt, provide the insured with a legible reproduction of the specified Insurance Code section, in at least 12-point type, detailing acts prohibited as unfair trade practices, and a written notice, as specified.

This bill would require that the contents of the written notice be changed and be in at least 10-point type. The bill would delete the 12-point type requirement with regard to the reproduction of the Insurance Code section, and would instead require that the insurer provide to the insured a copy of a specified portion of the Insurance Code section upon oral or written request of the insured.

Existing law prohibits any policy of residential property insurance from being issued unless the named insured is provided a copy of the California Residential Property Insurance Disclosure. Existing law, effective July 1, 2011, prescribes the contents of the California Residential Property Insurance Bill of Rights.

This bill would allow the California Residential Property Insurance Disclosure and the California Residential Property Insurance Bill of Rights to be placed in the same document.

Existing law requires every admitted insurer issuing or renewing motor vehicle insurance liability policies, at the time of offering to issue or renew the policy, to disclose in writing in a freestanding document

all discounts available to the insured for that policy or any related insurance provided under the policy.

This bill would delete the requirement that the disclosure of discounts be in a freestanding document, and would require that following issuance of the policy, the disclosure be provided every other year at the time of renewal.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 790.034 of the Insurance Code is
2 amended to read:

3 790.034. (a) Regulations adopted by the commissioner
4 pursuant to this article that relate to the settlement of claims shall
5 take into consideration settlement practices by classes of insurers.

6 (b) (1) Upon receiving notice of a claim, every insurer shall
7 immediately, but no more than 15 calendar days after receipt of
8 the claim, provide the insured with ~~a legible reproduction of~~
9 ~~Section 790.03 of the Insurance Code, in at least 12-point type and~~
10 a written notice containing the following *language in at least*
11 *10-point type*:

12
13 ~~“In addition to~~
14 ~~“Subdivision (h) of Section 790.03 of the Insurance Code~~
15 ~~provided here, Fair Claims Settlement Practices Regulations govern~~
16 ~~and Sections 2695.5, 2695.7, 2695.8, and 2695.9 of Subchapter~~
17 ~~7.5 of Chapter 5 of Title 10 of the California Code of Regulations~~
18 ~~govern claims settlement practices and how insurance claims must~~
19 ~~be processed in this state. These This law and these regulations~~
20 are available at the Department of Insurance Internet site,
21 www.insurance.ca.gov. You may also obtain a copy of *this law*
22 *and these regulations* free of charge from this insurer.”

23
24 (2) Every insurer shall provide, whether requested orally or in
25 writing by an insured, a copy ~~of the Fair Claims Settlement~~
26 ~~Practices Regulations as set forth in~~ *of subdivision (h) of Section*
27 *790.03 of the Insurance Code and copies of Sections 2695.5,*
28 *2695.7, 2695.8, and 2695.9 of subchapter 7.5 of Chapter 5 of Title*
29 *10 of the California Code of Regulations, unless the regulations*

1 are inapplicable to that class of insurer. ~~These~~ *This law and these*
2 regulations shall be provided to the insured within 15 calendar
3 days of request.

4 (3) The provisions of this subdivision shall apply to all insurers
5 except for those that are licensed pursuant to Chapter 1
6 (commencing with Section 12340) of Part 6 of Division 2, with
7 respect to policies and endorsements described in Section 790.031.

8 SEC. 2. Section 10089.2 of the Insurance Code is amended to
9 read:

10 10089.2. (a) (1) Subject to the approval of the commissioner,
11 every insurer subject to this chapter shall, at the time of offering
12 to issue or offer to renew coverage as part of the offer of coverage
13 required by Section 10081, disclose to the applicant in writing as
14 a freestanding document *or in the same document containing the*
15 *offer of coverage required by Section 10081*, which brings attention
16 to the applicant, all discounts or surcharges, if any that are available
17 from the insurer for that insurance and for any related insurance
18 provided under that coverage as part of the offer of coverage
19 required by Section 10081.

20 ~~The~~

21 (2) *The* insurer shall provide and disclose in writing any
22 discounts or surcharges, if any, for earthquake hazard reductions,
23 which shall include, but not be limited to, retrofitting of the
24 residential dwelling by tying the structure to the foundation or
25 bracing the structure to the foundation, reinforcement of the
26 fireplace chimney, or securing of the hot water heater, and any
27 other discounts that are available from the insurer.

28 (b) Each insurer that offers earthquake insurance through
29 licensed agents or brokers shall provide in writing the document
30 required in subdivision (a) and any documents required by
31 subdivision (a) of Section 10083 to the agents and brokers listing
32 all of the discounts or surcharges, if any, that are required to be
33 disclosed to the applicant under this section, and shall require its
34 agents and brokers to make the disclosures required by this section.

35 (c) An insurer is not subject to this section where an insured
36 has completed earthquake hazard reductions and the insurer has
37 provided discounts or surcharges for the specific policy in the form
38 of premium rate changes.

SEC. 3. Section 10103.5 of the Insurance Code, as added by Section 4 of Chapter 589 of the Statutes of 2010, is amended to read:

10103.5. (a) Every California Residential Property Insurance Disclosure shall be accompanied by a California Residential Property Insurance Bill of Rights. If the insurer provides the insured with an electronic copy of a policy, the bill of rights may also be transmitted electronically.

(b) The California Residential Property Insurance Bill of Rights shall be plainly prepared in no less than 10-point type *and may be included in the same document containing the California Residential Property Insurance Disclosure, set forth in Section 10102*. The Bill of Rights shall contain the following:

“California Residential Property Insurance Bill of Rights

A consumer is entitled to receive information regarding homeowner’s insurance. The following is a limited overview of information that your insurance company can provide:

- The insurance company’s customer service telephone number for underwriting, rating, and claims inquiries.
- A written explanation for any cancellation or nonrenewal of your policy.
- A copy of the insurance policy.
- An explanation of how your policy limits were established.
- In the event of a claim, an itemized, written scope of loss report prepared by the insurer or its adjuster within a reasonable time period.
- In the event of a claim, a copy of the Unfair Practices Act and, if requested, a copy of the Fair Claims Settlement Practices Regulations.
- In the event of a claim, notification of a consumer’s rights with respect to the appraisal process for resolving claims disputes.
- An offer of coverage and premium quote for earthquake coverage, if eligible.

A consumer is also entitled to select a licensed contractor or vendor to repair, replace, or rebuild damaged property covered by the insurance policy.

The information provided herein is not all inclusive and does not negate or preempt existing California law. If you have any concerns or questions, contact your agent, broker, insurance company, or the California Department of

1 Insurance consumer information line at (800) 927-HELP (4357) or at
2 www.insurance.ca.gov for free insurance assistance.”

3
4 (c) (1) The bill of rights shall be distributed by all insurers
5 licensed to sell residential property insurance in this state.

6 (2) If the insurer under a personal lines residential property
7 insurance policy reports claims history or loss experience of
8 insureds under those policies to an insurance-support organization,
9 the insurer shall include the following disclosure in the California
10 Residential Property Insurance Bill of Rights:

11
12 “This insurer reports claim information to one or more claims
13 information databases. The claim information is used to furnish
14 loss history reports to insurers. If you are interested in obtaining
15 a report from a claims information database, you may do so by
16 contacting:

17
18 (Insert the name, toll-free telephone number, and, if applicable,
19 Internet Web site address of each claims information database to
20 which the insurer reports the information covered by this section)”

21 (d) This section shall become operative on July 1, 2011.

22 SEC. 4. Section 11580.15 of the Insurance Code is amended
23 to read:

24 11580.15. (a) Subject to the approval of the Insurance
25 Commissioner, every admitted insurer issuing or renewing motor
26 vehicle liability policies as defined in Section 16054 or 16450 of
27 the Vehicle Code shall, at the time of offering to issue ~~or offering~~
28 ~~to renew~~ any such policy, disclose to the applicant in writing ~~as a~~
29 ~~freestanding document~~, which brings attention to the applicant, all
30 discounts, if any, that are available from the insurer for that
31 insurance and for any related insurance provided under that policy.
32 The insurer shall disclose any discounts for good drivers, senior
33 drivers, students, multiple cars, and any other discounts that are
34 available from that insurer. The disclosure shall be required for
35 personal lines of motor vehicle insurance, *and following the*
36 *issuance of a policy, shall be provided to the insured on an*
37 *every-other-year basis at the time of renewal.*

38 ~~Every~~

39 (b) *Every* insurer that sells insurance through licensed agents
40 or brokers shall disclose in writing to the agents and brokers all

- 1 of the discounts that are required to be disclosed to the applicant
- 2 under this section, and shall require its agents and brokers to make
- 3 the disclosures required by this section.

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